



DEFENSE FINANCE AND ACCOUNTING SERVICE

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DFAS-DFM

APR 20 2001

MEMORANDUM FOR DIRECTOR, RETIRED PAY OPERATIONS, DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS-PM/CL)

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation (DoDFMR), Volume 7, Part B, Regarding Dependency and Indemnity Compensation Cost-of-Living (DFAS Item K-8)

The attached, Interim Change Number **R 15-01**, to the DoDFMR, Volume 7B, Appendix L, Dependency and Indemnity Compensation (DIC) Rates. The change reflects DIC rates payable under a cost-of-living increase in Public Law 106-413. It also increases the transitional compensation amounts due to Victims of Abuse and Minimum Income Widow rates. This change is effective December 1, 2000.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.

Jerry S. Hinton
Director for Finance

Attachments:

As stated

cc: DASD (MMP)(Comp)
OUSD(C)(ODCFO)(FP)
ODGC (F)
DFAS-GAM/DE
DFAS-PR/KC
DFAS-PRR/CL
DFAS-PRR/DE
DFAS-PMJE/DE
Services Liaisons
USCG/NOAA/PHS Liaisons

1. Paragraph 600104.A, add the following:

DIC Rate
\$911

Effective Date
December 1, 2000

2. Paragraph 600104.B, add the following:

DIC Rate
\$229

Effective Date
December 1, 2000

3. Revise paragraph 600104.C, line 1, to read:

“C. If transitional compensation is payable to a dependent child under paragraph”

4. Revise paragraph 600104.C by adding the following DIC Child Rate information:

DIC Child Rate
Eff Dec 1, 2000

1 child	\$386
2 Children	556
3 Children	723
Over 3	723 plus \$140 for each child

5. Add subparagraph 600104.G, to read:

“G. Advance payment of transitional compensation benefits is not authorized.”

6. At the end of paragraph 600107, add the following sentence:

“If a spouse or former spouse begins receiving transitional compensation payments and later is determined to be eligible for and receives payments under 10 U.S.C. 1408(h), any amounts of transitional compensation received must be recouped.”

7. Paragraph 600108.A, change last sentence to read:

“However, in cases where a spouse or former spouse is receiving payments and there is an eligible dependent child or children not residing in the same household as the spouse, former spouse, or member, transitional compensation is payable to the dependent children for periods on or after November 1, 1998.”

8. Add new paragraph 600110 to read:

“600110. Taxability Transitional compensation payments are considered to be benefits that are excludable from taxation and should not be reported on a Treasury Form 1099R.

9. Revise Appendix L Heading, line 2, to read:

“December 1, 1995 – December 1, 2000”

10. Revise Appendix L, Dependency and Indemnity Compensation Rates, by adding the following column:

“PL 106-413 Eff December 1, 2000 (Note 1)	
E-1	\$ (blank)
E-2	”
E-3	”
E-4	”
E-5	”
E-6	”
E-7	942
E-8	995
E-9	1,038
Sgt Major of the Army	1,119
Senior Enl Adv of the Navy	1,119
CH Msgt of the Air Force	1,119
Sgt Major of the Marine Corps	1,119
MCPO of the Coast Guard	1,119
W-1	962
W-2	1,001
W-3	1,031
W-4	1,090
O-1	962
O-2	995
O-3	1,063
O-4	1,125
O-5	1,239
O-6	1,396
O-7	1,509
O-8	1,653
O-9	1,771
O-10	1,943
Chmn Joint Chiefs of Staff	2,083
Chief of Staff-Army	2,083
Chief of Naval Ops	2,083
Chief of Staff-Air Force	2,083
Commandant-Marine Corps	2,083
Commandant-Coast Guard	2,083”

11. Revise Appendix L, Note 1 by adding the following:

<u>Flat Rate</u>	<u>Additional</u>	<u>Effective Date</u>
“\$911	\$197	1 Dec 2001”

12. Appendix R, add the following:

<u>Maximum Amount</u>	<u>Minimum Annual Income</u>	<u>Effective Date</u>
\$484.00	\$5,808	1 Dec 1997
490.33	5,884	1 Dec 1998
502.17	6,026	1 Dec 1999
519.75	6,237	1 Dec 2000

13. Add new citation to Bibliography:

<u>Paragraph</u>	<u>Citation</u>
600110	Armed Forces Tax Council memo, Dec 16, 1994